



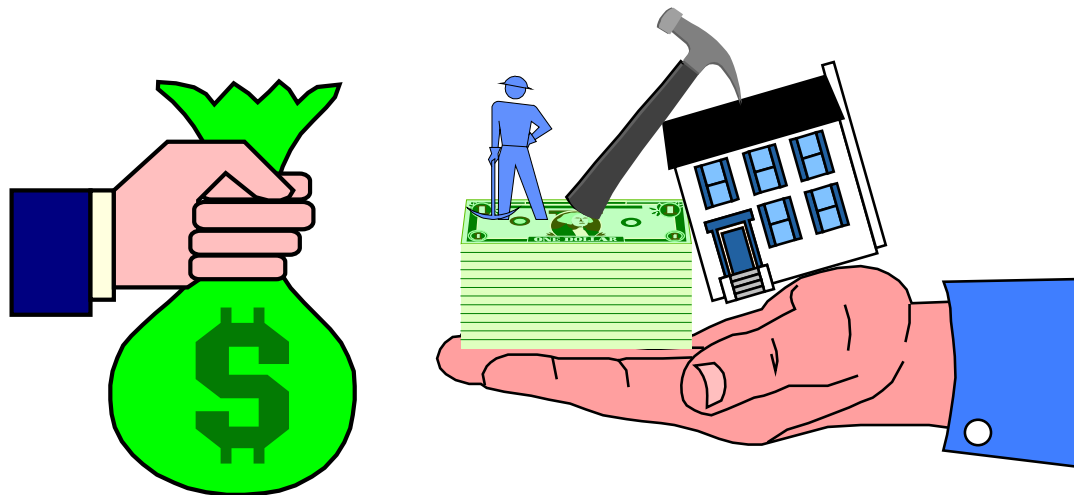
BUILDING HOME

Match

Match



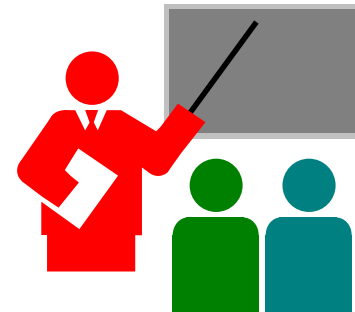
- This chapter covers:
 - ◆ Basic facts about match
 - ◆ Eligible and ineligible forms of match
 - ◆ How to meet the match obligation





Match Basics

- PJs must match 25% of HOME funds drawn down for project costs
 - ◆ Match must be a *permanent contribution* to the HOME Program
- Match liability must be satisfied by end of federal fiscal year





Match Requirements

- No match required for:
 - ◆ FY 1992 funds
 - ◆ Admin and planning costs
 - ◆ Funds to CHDOs for:
 - Operating expenses
 - Capacity building
 - Pre-development loans for projects that don't go forward
 - ◆ Shortfall funds

Eligible Sources of Match



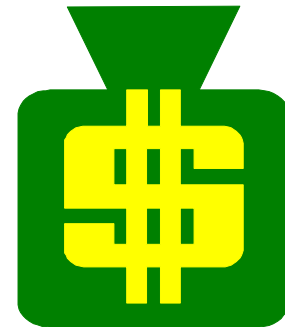
- Cash or “cash equivalents”
- Value of waived taxes (HOME projects only), fees or charges
- Value of donated land/real property
- Cost of infrastructure improvements related to HOME projects
- Percentage of proceeds of housing bonds



Eligible Sources of Match



- Value of donated materials and labor
- Sweat equity
- Direct costs of supportive services to residents of HOME projects
- Direct costs of homebuyer counseling to HOME-assisted households



Cash and Cash Equivalents



- Cash must be:
 - ◆ From a non-federal source
 - ◆ Permanent contribution
- Cash equivalents means the value of grants and below-market interest rate loans
 - ◆ Match notice includes guidance on calculations



Forbearance of Fees

- Two kinds of waived fees may be counted as match:
 - ◆ State and local taxes, fees and charges
 - Only on HOME-assisted projects
 - Value of foregone real estate taxes must be based on after-rehab value
 - ◆ Other charges and fees
 - Fees associated with property transfer or development

Donated Land/Real Property



- Can be donated or sold at below-market value
- Can be for a HOME-assisted or HOME-eligible
- Property acquired with non-federal funds counted at 100% of its value
- Match credited when ownership is transferred

Property Acquired with Federal Funds



- To get match credit:
 - ◆ Property must have been acquired for HOME-assisted or HOME-eligible project
 - ◆ Property must have been acquired at or below the appraised value
 - ◆ Seller must acknowledge the sale at or below market value as a donation to HOME
- Amount of credit varies according to different circumstances

Infrastructure



- To get credit, infrastructure must be:
 - ◆ Directly facilitate the occupancy of HOME-assisted project
 - ◆ Completed with the HOME project or within 12 months prior to HOME funding commitment
 - ◆ Paid for with non-federal funds
- In HOME and non-HOME housing, investment must be prorated

Infrastructure



- Investment in infrastructure credited:
 - ◆ When funds are expended OR
 - ◆ If improvements made prior to HOME commitment, when HOME funds are committed
- HOME projects only

Housing Bond Proceeds



- No more than 25% of a PJ's total match obligation can be met through loans made with bond proceeds
- To be eligible, proceeds must be provided to either HOME-assisted or HOME-eligible units



Housing Bond Proceeds



- Limitations on the amount of match credit that can be counted:
 - ◆ 50% of loans to multi-family projects
 - ◆ 25% of loans to single family projects
- Loans from bond proceeds credited at loan closing



Donated Labor, Services, Equipment and Materials



- To count donated material, PJs must use normal cost estimating procedures to determine value
- To get credit for donated or reduced-rate equipment,
 - ◆ Calculate normal rental rate
 - ◆ Document with letter from equipment owner



Donated Labor, Services, Equipment and Materials



- For donated or reduced-rate labor or services,
 - ◆ HUD publishes rates for donated unskilled labor
 - ◆ Skilled labor valued at rate normally charged for the service
- Donations credited at time they are used/contributed to the project



Sweat Equity



- Must be contributed as part of an established program of the PJ
 - ◆ Calculate at rate of unskilled labor (provided by HUD)
- Can be contributed up until project completion report submitted

Supportive Services



- Services must be provided to residents of HOME-assisted units
- Services must be:
 - ◆ Paid for with non-federal funds
 - ◆ Provided during affordability period
 - ◆ Necessary for independent living OR required in self-sufficiency program
- Match credited when services are provided

Homebuyer Counseling



- Value of counseling credited only for HOME-assisted homebuyer families
- Ongoing counseling during the affordability period is eligible as match
- Match credited when counseling provided





Ineligible Match Sources

- Contributions from federal sources
- Interest rate subsidy from tax-exempt financing or tax credits
- Owner equity/investment in a project (except sweat equity)
- Cash/contributions from applicants or recipients
- PJ's administrative cost
- Match for any other federal program

Meeting the Match Obligation



- Plan ahead
- Consider timing
- Be creative
- Set up a system
- Have a long-term strategy